

Message Text

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ACTION TRSE-00

INFO OCT-01 ARA-16 EUR-25 EA-11 ADP-00 AID-20 EB-11 NSC-10

RSC-01 CIEP-02 SS-15 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06

SIL-01 PA-03 PRS-01 USIA-15 L-03 RSR-01 /184 W

----- 118025

R 020850Z AUG 73

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 5787

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY CANBERRA

AMEMBASSY LONDON

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY SANTIAGO

AMEMBASSY THE HAGUE

AMEMBASSY WELLINGTON

C O N F I D E N T I A L TOKYO 9883

E.O. 11652: GDS

TAGS: EAID, CI, IBRD

SUBJ: IBRD LOANS TO CHILE

REF: STATE 147739

SUMMARY: EMBASSY INFORMED GOJ POINTS CONTAINED PRA 2 AND 3
REFTEL. AS PURELY PERSONAL OPINION, GOJ REP EXPRESSED
COMPLETE AGREEMENT WITH DESIRABILITY OF POSTPONING
IBRD ACTION UNTIL AFTER PARIS CLUB MEETING. HOWEVER,
PARIS CLUB, HE SAID, WOULD PROBABLY BE FORCED TO RESCHEDULE
LARGE PORTION OF GOC DEBTS. EVEN AFTER RESCHEDULING,
GOC WOULD STILL REQUIRE ADDITIONAL ASSISTANCE, DUE TO
LARGE B/P DEFICIT, AND NEW IBRD CREDIT MIGHT THEN BE REGARDED
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POSITIVELY BY PARIS CLUB MEMBERS. GOJ REP UNDERTOOK TO

CONSULT WITH COLLEAGUES AND INFORM EMBASSY OF GOJ POSITION.
END SUMMARY.

1. ON 1 AUGUST, EMBOFF INFORMED SHIKAMA, HEAD, FIRST
CENTRAL AND SOUTH AMERICA DIVISION, FONOFF, OF USG POSITION
CONTAINED PARA 2 AND 3 REFTEL. SHIKAMA UNDERTOOK TO CON-
SULT WITH HIS SUPERIORS AND COLLEAGUES AND COMMUNICATE
GOJ VIEWS TO EMBASSY SOON.

2. AS QTE OFFHAND PERSONAL COMMENT UNQTE, SHIKAMA GAVE
FOLLOWING INFORMATION:

(A) BRITISH EMBASSY APPROACHED FONOFF SEVERAL DAYS
AGO WITH SAME COMMENTS AS EMBOFF. CHILEAN AMBASSADOR
HAD CALLED ON FONOFF DIRGEN FOR LATIN AMERICAN AFFAIRS
31 JULY SOLICITING GOJ SUPPORT.

(B) SHIKAMA, WHO ATTENDS PARIS CLUB MEETINGS, AGREES
WITH LAST SENTENCE PARA 2B REFTEL. CREDITOR COUNTRIES
DO NOT LIKE VEING UNDERCUT BY IBRD. QUESTION OF TIMING
IS VERY IMPORTANT. SHIKAMA SUPPOSES PARIS CLUB WILL
RREACH CONCLUSION ON RESCHEDULING IN AUTUMN, PROBABLY
OCTOBER. HE FULLY AGREES THAT IBRD EXAMINATION SHOULD
BE POSTPONED UNTIL CONCLUSION REACHED. IN INTERIM GOJ
WILL HAVE NEGATIVE ATTITUDE ON BANK LOANS, BUT CIRCUM-
STANCES MAY CHANGE THEREAFTER.

(C) SHIKAMA SUPPOSES PARIS CLUB CREDITORS WILL BE
FORCED TO GRANT SOME RESCHEDULING TO GOC SINCE THERE IS
NO OTHER REMEDY AVAILABLE. IMF PREDICTS CHILEAN B/P
DEFICIT OF SOME \$600 MILLION. WHILE SOME SHARE OF
LIABILITIES TO PARIS CLUB MIGHT BE CONSOLIDATED, E.G.
\$300 MILLION, IT IS QTE ABSURD UNQTE TO THINK OF PARIS
CLUB CONSOLIDATING 100 PERCENT OF CHILEAN LIABILITIES.
EVEN IF THIS WERE DONE, B/P PROBLEM WOULD REMAIN. IF
80 OR 90 PERCENT CONSOLIDATION WERE AGREED UPON, SHIKAMA
HOPED THAT SOME OTHER RESOURCES COULD BE FOUND TO FILL
B/P GAP. HE BELIEVES IT POSSIBLE NEW IBRD CREDITS
WOULD BE REGARDED POSITIVELY EVEN BY PARIS CLUB MEMBERS.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 02 AUG 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: hilburpw
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973TOKYO09883
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS SHOESMITH
Errors: N/A
Film Number: n/a
From: TOKYO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730861/aaaabsoq.tel
Line Count: 107
Locator: TEXT ON-LINE
Office: ACTION TRSE
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 73 STATE 147739
Review Action: RELEASED, APPROVED
Review Authority: hilburpw
Review Comment: n/a
Review Content Flags:
Review Date: 06 SEP 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <06-Sep-2001 by hilburpw>; APPROVED <10-Sep-2001 by hilburpw>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: IBRD LOANS TO CHILE
TAGS: EAID, CI, IBRD
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005